

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

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June 24, 2003

FROM: EMIL A. MARZULLO, Director
Special Districts Department

**SUBJECT: FY 2002-03 BUDGETARY ADJUSTMENTS FOR COUNTY SERVICE
AREA SL1**

RECOMMENDATION: Acting as the governing body for County Service Area SL1:

1. Authorize the following fiscal year 2002/03 budget adjustments, to provide additional appropriation authority for the payment of energy charges through fiscal year end (4 votes required):

<u>Description</u>	<u>Accounting Code</u>	<u>Amount</u>
Increase Services and Supplies	SQV 575 575 2895	\$246,939
Increase Other Revenue	SQV 575 575 9970	\$246,939

2. Direct the Special Districts Department to prepare a report for the Board of Supervisors, which addresses financial issues and options/recommendations concerning the Board-governed streetlight districts.

BACKGROUND INFORMATION: County Service Area SL1 was formed for the purpose of operating and maintaining 3,993 streetlights in communities throughout the county. In FY 2002/03, the district has received approximately \$475,000 in ad valorem property taxes to cover these costs. This revenue is insufficient to cover the full amount of District operating expenses and increased energy costs.

Funds in the amount of \$246,939 are available for transfer from the midblock reserve fund to County Service Area SL1 in order to ensure the energy charges will be fully paid in fiscal year 2002/03, and that a fund balance will be established to assist district operations in future years. The midblock reserve fund was established after the passage of Proposition 13 in 1978. New projects within County Service Area SL-1 were required to deposit funds with the district to address future mid-block intersection lighting needs. In the early 1990's, this practice stopped and new projects were required to install all midblock streetlights as part of their project. As part of Recommendation No. 1, the balance of this trust fund would be transferred as revenue to the CSA SL-1 FY 2002/03 operating budget.

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During the budget workshop with the Board of Supervisors conducted on June 17th, the Director of the Special Districts Department outlined the issues that are being faced by our streetlight districts. Over the years, funding that the streetlight districts depended on (augmentation) and the incorporation and annexation of high valued property (Yucaipa, East Highland, Chino Hills) have severely affected the financing of these districts. It is estimated that at least three of the streetlight districts will end fiscal year 2003/04 with a negative balance. Recognizing this, the Special Districts Department has started gathering information toward outlining possible solutions both short term and long term.

Approval of these recommendations will provide the District with FY 2002/03 budgetary adjustments needed to accommodate the payment of outstanding energy bills, and direct the department to provide the Board with a report which outlines street lighting district issues and recommendations.

REVIEW BY OTHERS: This item has been reviewed by County Counsel (L. Thomas Krahelski) on May 22, 2003, and the County Administrative office (Wayne Thies, Administrative Analyst) on June 20, 2003.

FINANCIAL IMPACT: This action increases the FY 2002/03 budgeted revenues and appropriations in the amount of 246,939 in CSA SL1 (SQV 575) to pay outstanding energy bills. Funds in the amount of \$246,939 are available within the midblock reserve account (NPJ-125, Improvement Zone B & C Lighting – Trust Fund), and would be the source of revenue in connection with the budgetary adjustments. There is no fiscal impact to the County general fund.

SUPERVISORIAL DISTRICT(S): All

PRESENTER: Emil A. Marzullo 387-5950